

~~SECRET~~

Approved For Release 2005/06/23 : CIA-RDP79R00904A000100030048-8

25X1

~~CONFIDENTIAL~~

24 June 1952

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Approaching Crisis in Iranian Situation

1. Recent developments in Iran suggest that a financial crisis is imminent and may lead to the fall of Mossadeq. The Mossadeq government has exhausted readily available expedients to meet its financial obligations. The Central Bank claims that its reserves are critically low and has refused to extend further loans to the government. Opposition elements in the new Majlis have blocked government efforts to dominate that body and are in a position to prevent the passage of emergency fiscal legislation that would enable the government to meet its obligation for a few more months. The press reflects a significant diminution of Mossadeq's prestige, and the leadership of the National Front appears to be losing its cohesion.

2. However, Mossadeq has frequently in the past demonstrated his ability to re-establish his position and may therefore succeed in weathering this crisis. The outcome of the impending crisis will depend on several factors which are at present obscure: (a) the unpredictable conduct of Mossadeq; (b) the actions of the wavering Shah; (c) the proceedings in the International Court of Justice; (d) the precise position the UK might take regarding an oil settlement; and (e) the policy and actions of the US.

3. Iranian specialists in OIR, G-2, and O/OI concur in the view of O/NE that under these circumstances a National Intelligence Estimate on Iran cannot profitably be initiated at this time. OIR is preparing studies on such key factors in Iran as the Tudeh Party and the economic situation. In the event that a sudden change in the Iranian situation requires the initiation of a new NIE, much of the basic research for such an NIE will, therefore, already have been completed. O/NE is keeping in close touch with OIR on these matters.

SHERMAN KENT  
Assistant Director  
National Estimates

NEStaff:Board:jl

Distribution:

Addressee

NE Staff

AD/NE

~~CONFIDENTIAL~~

Approved For Release 2005/06/23 : CIA-RDP79R00904A000100030048-8

25X1